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# **M3, Inc.**

## **Presentation Material**

October 2024



The following presentation contains forecasts, future plans, management targets and other forward-looking projections relating to M3, Inc. and/or its group. These statements are drawn from assumptions of future events based on data currently available to us, and there exist possibilities that such assumptions are objectively incorrect and/or may produce differing actual results from those mentioned in the statements.

Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

M3, Inc.

# FY2024H1 Consolidated Results

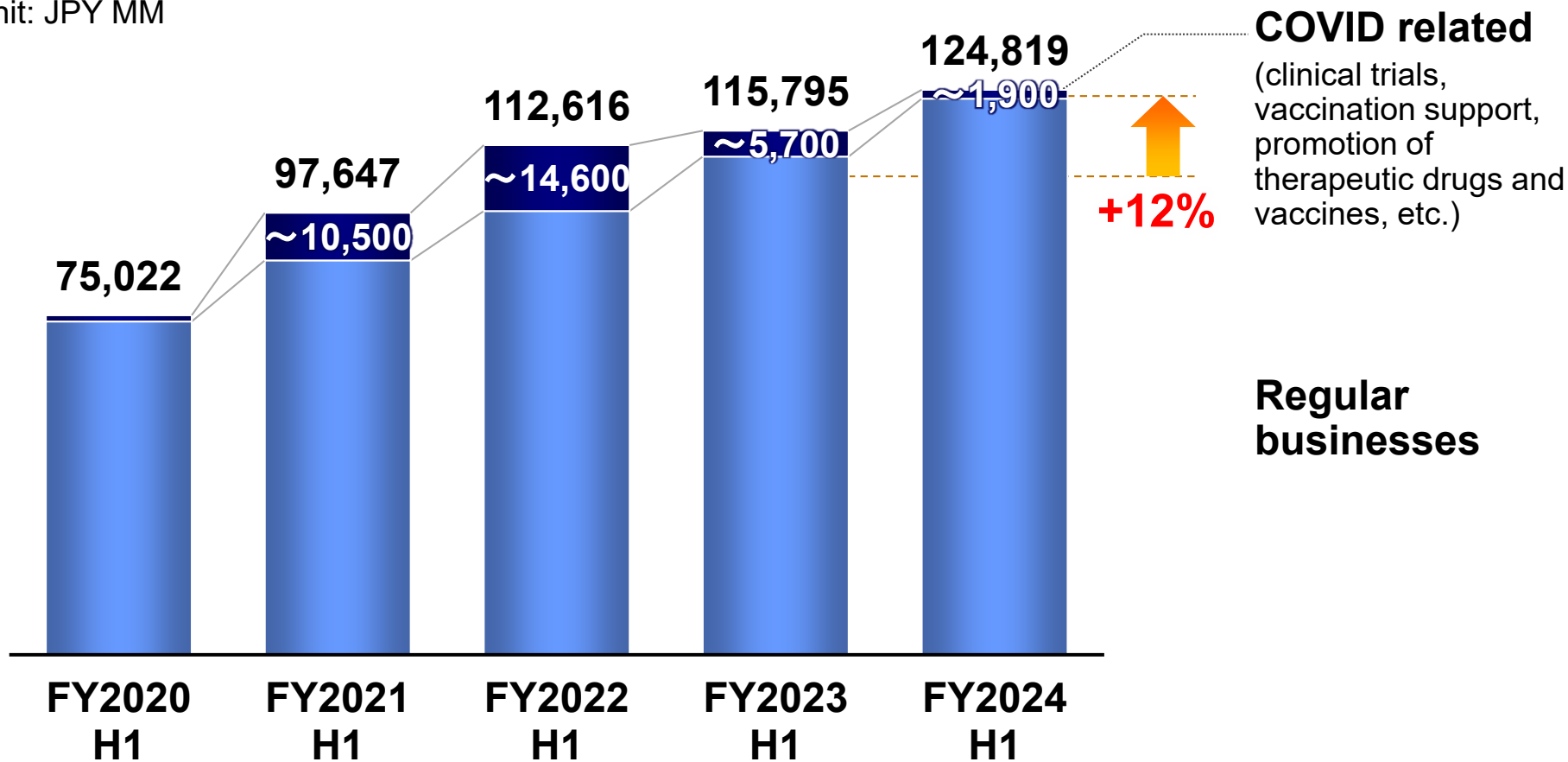
Unit: JPY MM	FY2023 H1	FY2024 H1	YoY
Revenue	115,795	124,819	+8%
Operating profit	34,559	28,982	-16%
Profit before tax	37,322	29,074	-22%
Profit	25,136	19,589	-22%

YoY growth in business excluding COVID related revenues, sales +12%

 The first half closed in line with the expectation of higher revenue and lower profit YoY

# Consolidated Revenue Trend and COVID Impact

Unit: JPY MM



**👉 In H1, a negative impact of approx. 4 billion yen was materialized mainly in the Medical Platform and Evidence Solution segments, with the projection of negative impact for the full year unchanged**

FY23 Actuals: Q1 ~3.0 Bn, Q2 ~2.7 Bn, Q3 ~2.7 Bn, Q4 ~2.0 Bn

FY24 Actuals: Q1 ~1.1 Bn\*, Q2 ~0.9 Bn

\* The number disclosed in FY24Q1 earnings is retroactively corrected

# FY2024 H1 Consolidated Results by Segment

Unit: JPY MM

			FY2023 H1	FY2024 H1	YoY
Domestic	Medical Platform	Revenue	45,503	42,474	-7%
		Profit	18,426	14,590	-21%
	Evidence Solution	Revenue	13,843	11,940	-14%
		Profit	3,581	1,893	-47%
	Career Solution	Revenue	9,033	11,617	+29%
		Profit	3,337	4,099	+23%
	Site Solution	Revenue	15,346	21,611	+41%
		Profit	1,776	3,047	+72%
	Emerging Businesses	Revenue	1,201	1,123	-6%
		Profit	16	370	-
Overseas	Revenue	32,655	37,984	+16%	
	Profit	7,299	6,636	-9%	

- Pharma marketing: The impact of a decline in COVID-related sales drove revenue decline, but the fundamental DX is still progressing
- Other businesses such as DX of the clinical scene showed steady growth

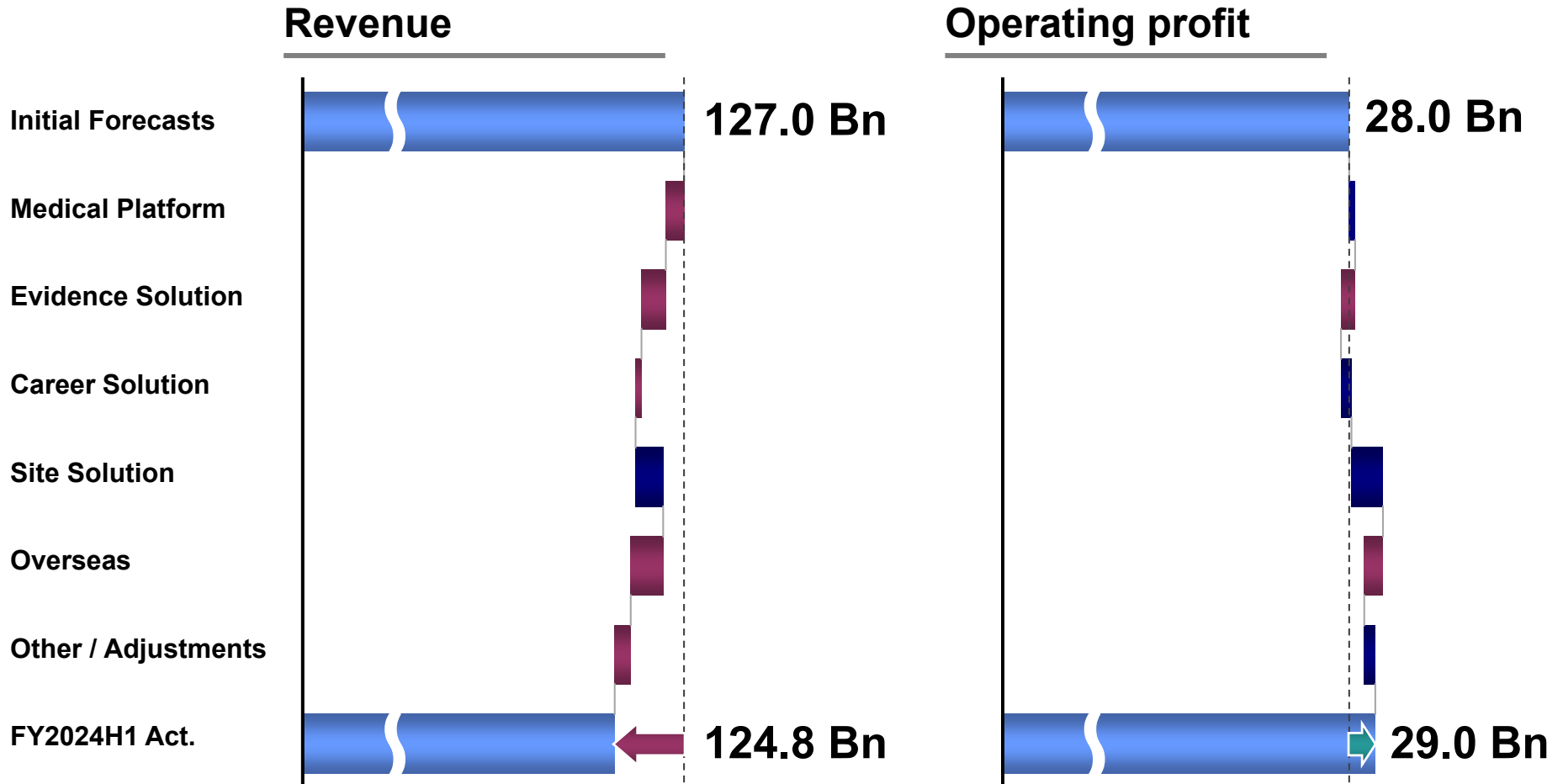
- Order backlog: JPY 25.7 Bn
- Temporary downtrend due to cyclical factors continues, while initiatives for growth recovery such as sales function reform are progressing

- Business for physicians and pharmacists both performed well

- Profit surge was driven by investment in equity-method affiliates

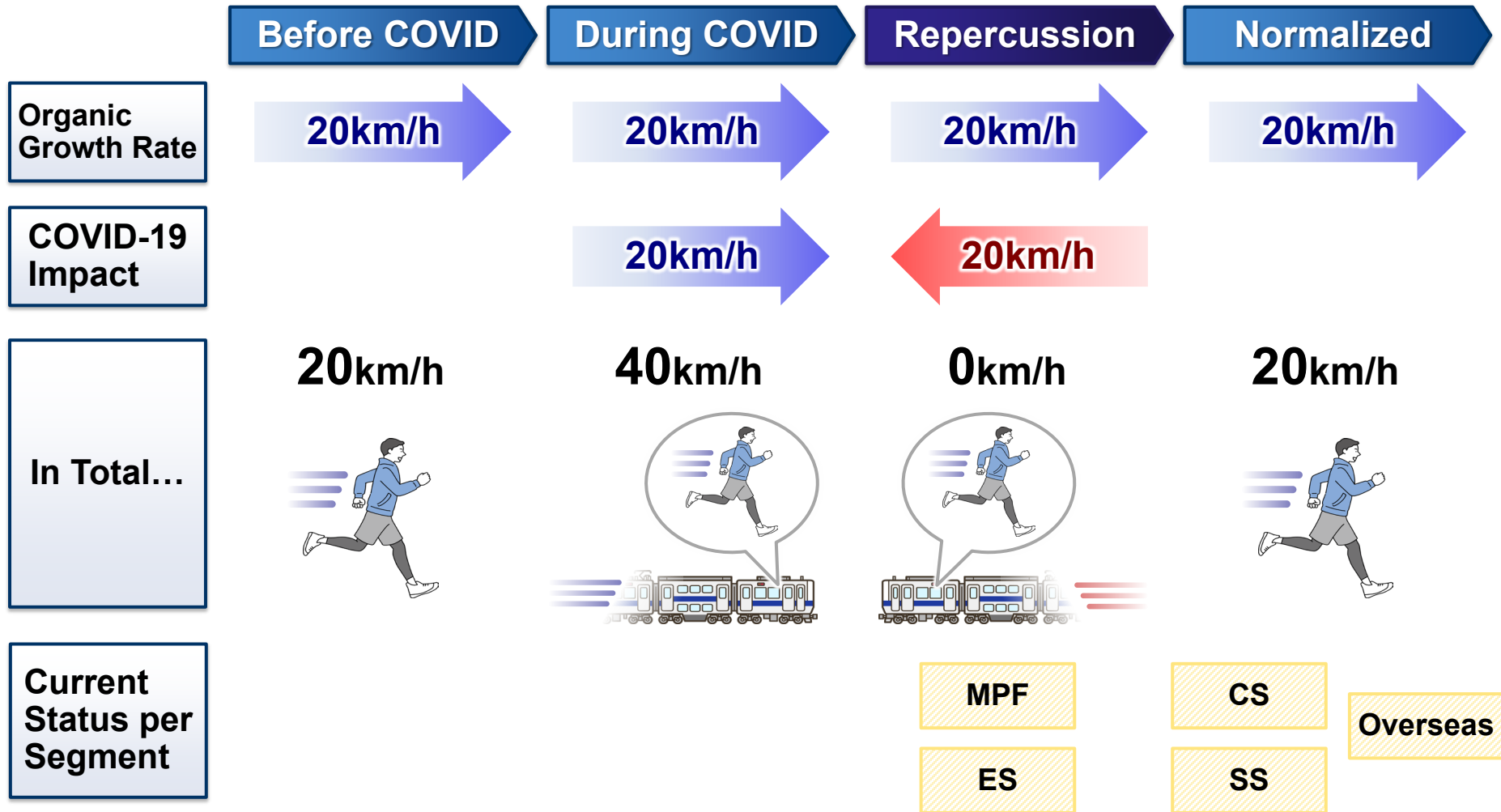
- OP grew ~10% excluding US clinical trial business. Larger upfront investments for further growth are implemented
- Partly influenced by currency tailwinds and M&A in the US and Europe

# FY2024H1 Forecasts vs. Actuals



**Q2 saw a slowdown compared to Q1, particularly in the Medical Platform and Overseas. Although revenue fell short, profits exceeded the initial forecasts**

# Relationship between Growth Rate and COVID

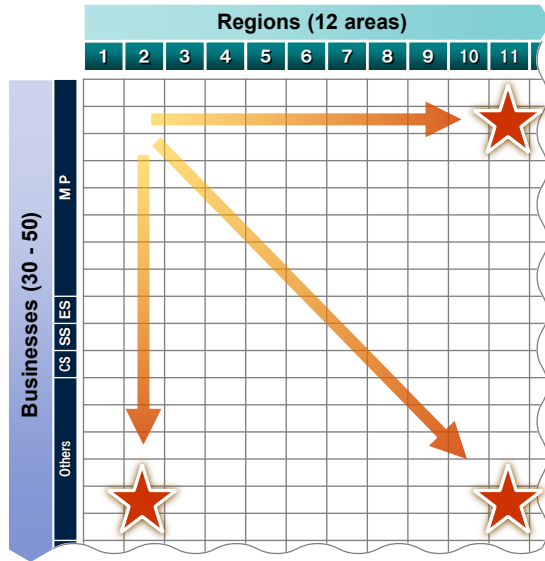


**👉 Currently, each segment and business is in a different phase, and the outlook for growth rate also varies**

\* MPF: Medical Platform, ES: Evidence Solution, CS: Career Solution, SS: Site Solution

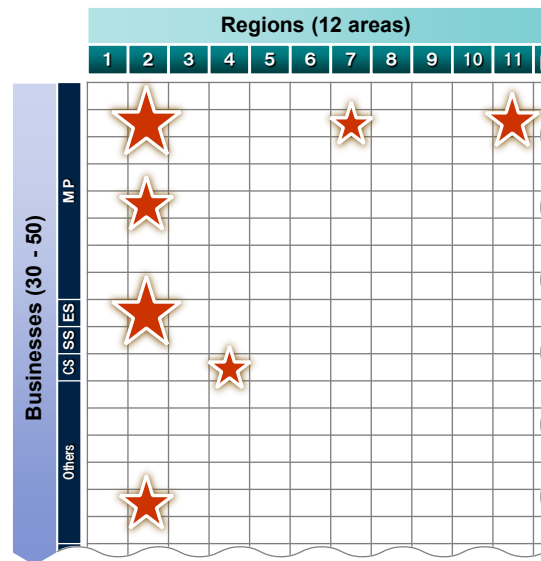
# M3's Triple Growth Engine + CSV

## 1. Ecosystem Expansion (Sagrada Familia)



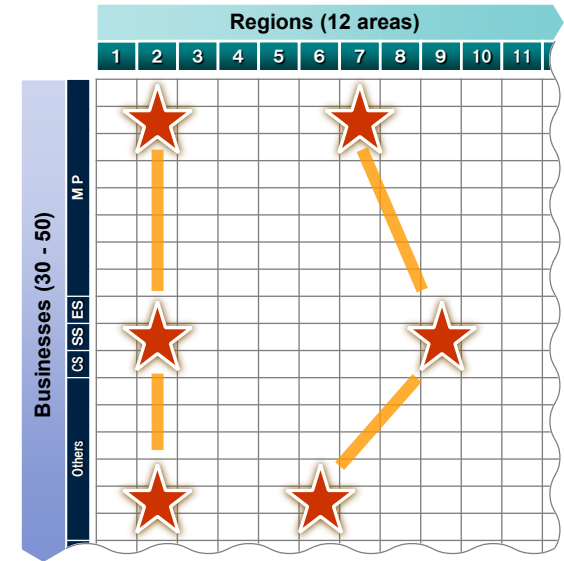
- Continuous new business entries

## 2. Individual Business Development



- Pharma marketing / Clinical Scene DX

## 3. Ecosystem Synergy Creation

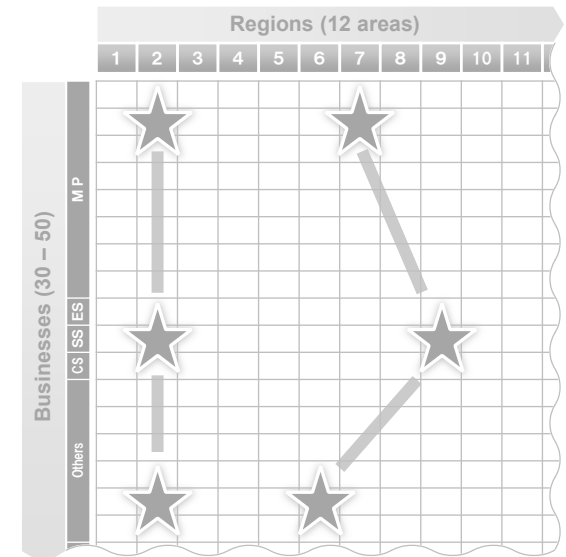
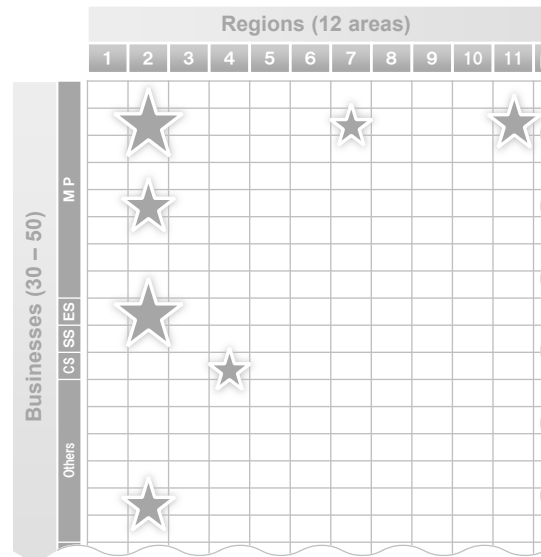
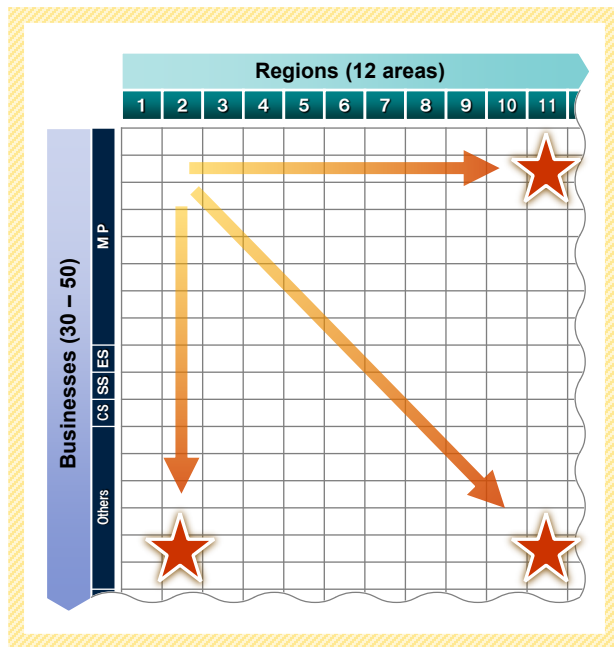


- Cross-cell synergy maximization

## 4. Social Impact Creation → CSV



# Growth Engine 1: Ecosystem Expansion (Sagrada Familia)



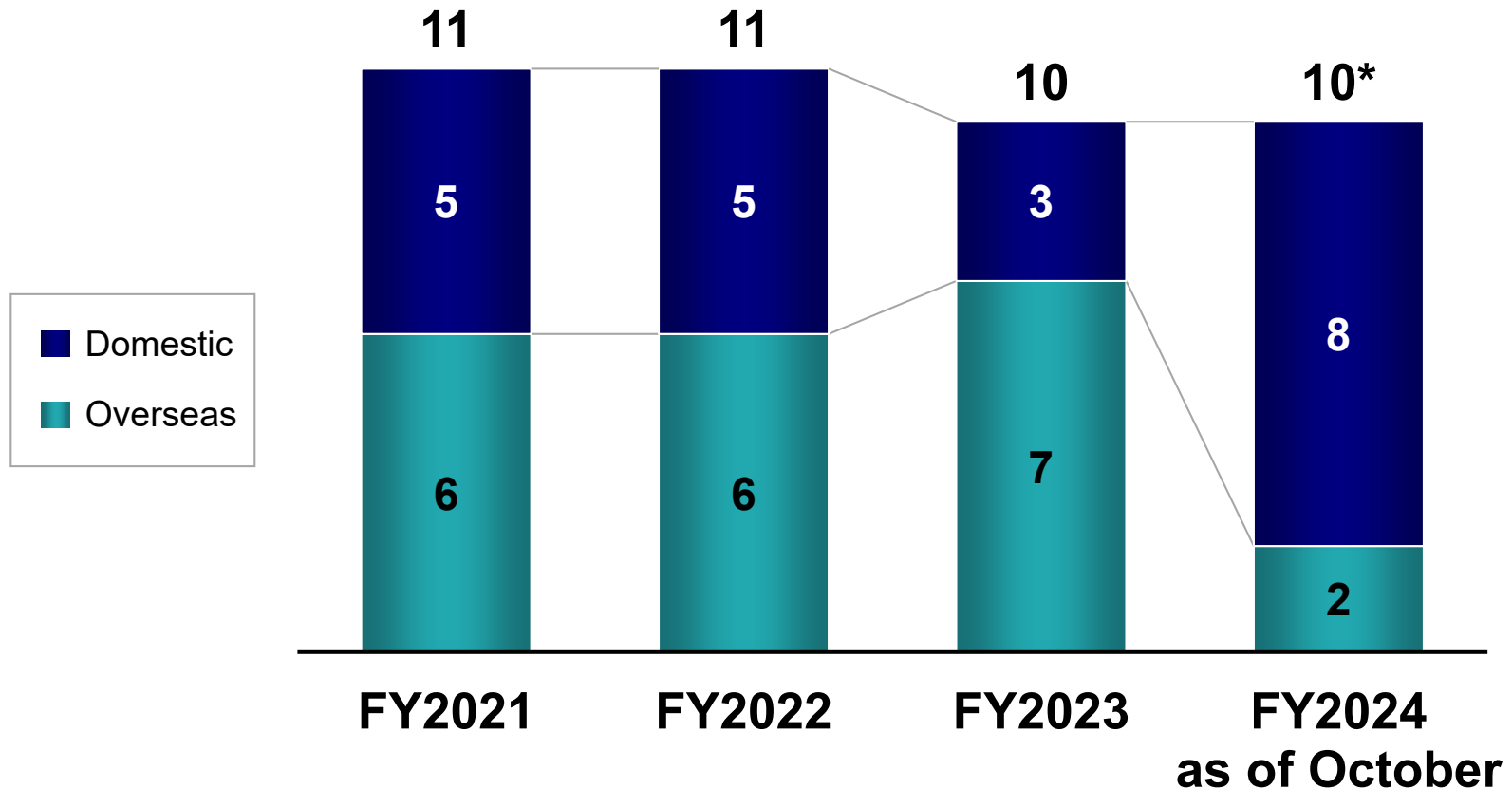
4. Social Impact Creation → CSV

# Business Scope Expansion and Growth Potential

FY	: 2010	2015	2020	2023
Country	: 3 →	8 (2.5x) →	11 (3.5x) →	17 (5.5x)
Business Types	: 6 →	15 (2.5x) →	35 (6.0x) →	38 (6.0x)
Business Units (Type x Country)	: 10 →	24 (2.5x) →	56 (5.5x) →	73 (7.0x)
Sales (bn)	: 14.6 →	64.7 (4.5x) →	169.2 (12.0x) →	238.9 (16.5x)

 **Aggressive M&A to ensue in reaching growth potentials exceeding 10~20x current levels...**

# Trend in M&A Volume: Programmatic M&A Strategy



**M&A is completed with approximately 10 companies annually. For FY2024, in addition to *Infrastructure for On Call Cooperation*, *Medcare*, and *MinaCare*, the tender offer for *ELAN* was carried out. We will continue to pursue M&A opportunities actively**

\* 2 out of 8 domestic deals, and 2 out of 2 overseas deals were conducted by CUC

# TOB of ELAN Corporation

## Progress of TOB / Financial Impacts

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### ■ TOB has been completed as planned

- ELAN became our subsidiary on October 21, 2024
- Purchase price: 34,662 million yen
- Number of shares held after the deal: 33,329,490 shares  
(Voting rights ownership ratio: 55%)

### ■ Its segment after consolidation

- Details are still under consideration but currently planning to disclose as a new single segment

### ■ Financial impact

- A certain amount of impact for both revenue and profit is expected to materialize, but currently underestimation
- Plan to disclose at FY24Q3 earnings release

# Overview of ELAN Corporation



Location

**Matsumoto, Nagano, Japan**

Established

**February, 1995**

Capital

**JPY 573MM**

Sales and Profits

**Sales: JPY 41,426MM**  
**Operating Profit: JPY 3,665MM**  
(Fiscal Year ended December 2023)

No. of Client Facilities

**2,439**  
\* As of the end of June 2024

Employees

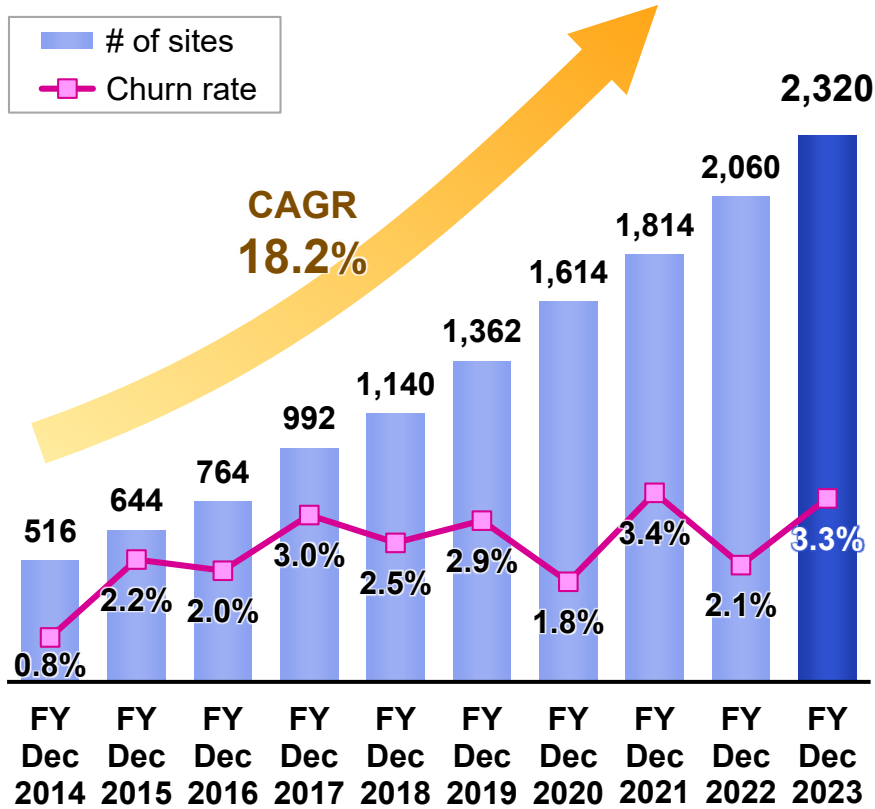
**Consolidated: 692**  
\* As of the end of December 2023

## Main businesses

- **Medical and nursing care-related business (CS Set)**
  - Providing everyday items such as clothing and towels to hospitalized patients and users of medical institutions and nursing care facilities
- **Overseas business**
  - Having entered the Indian and Vietnamese markets and operating a laundry service business
- **Emerging business**
  - Providing discharge and home care packages to support patients and users after they leave hospital or care home

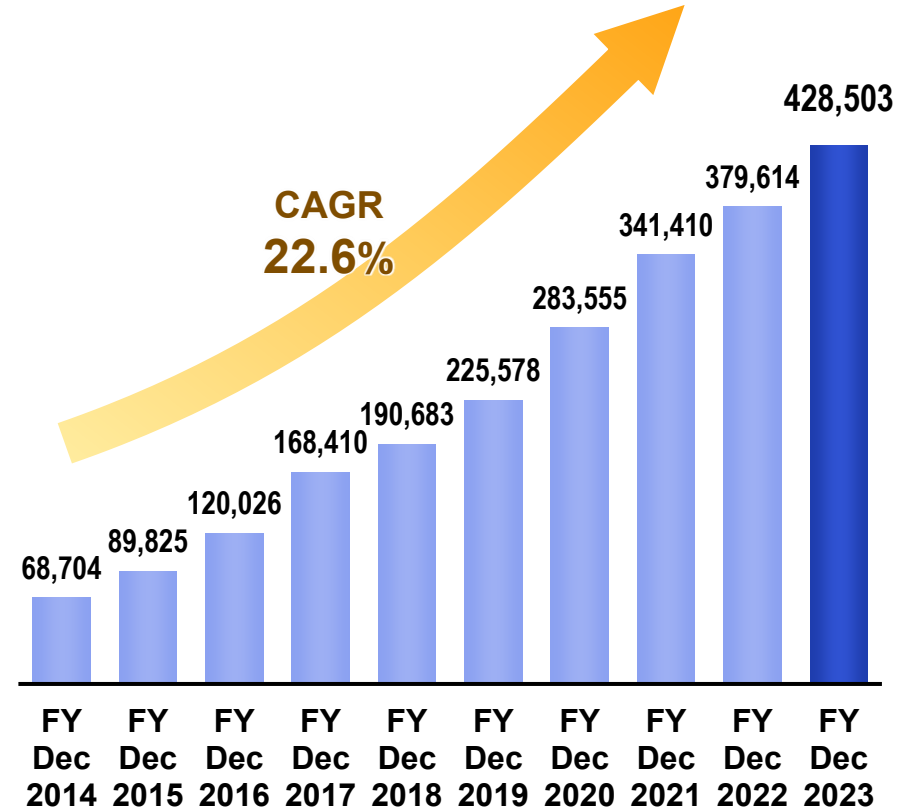
# Trend of Contracted Sites and Monthly Users

## # of contracted sites and churn rate



\* Churn rate = Number of cancellations in the last 12 months / (Number of contracts at the end of the month 13 months ago + number of new contracts in the last 12 months)

## # of monthly users



\* The number of monthly users shown above indicates the number of users in the final month of each term

 **Both contracted sites and monthly users are steadily expanding**

# Collaborations and Expected Synergies

1

Promoting new business development and enhancing the added value of CS Sets through collaboration with M3's existing services

- By acquiring patient contacts through ELAN, M3 will expand the to-C platform for which we provide services
- CS Set: ELAN will enhance its competitiveness and boost added value through collaborations with M3's services
- In addition to providing support for the development of discharge and home care packages, ELAN will also contribute to improving the quality of life of patients and improving the management of medical institutions through support that leads to early discharge

2

Cross-selling to business partners of both parties

- M3 Group owns a customer base centered on hospitals
- ELAN provides services to nursing care facilities, in addition to hospitals

3

Enhancing the competitiveness by leveraging M3's resources

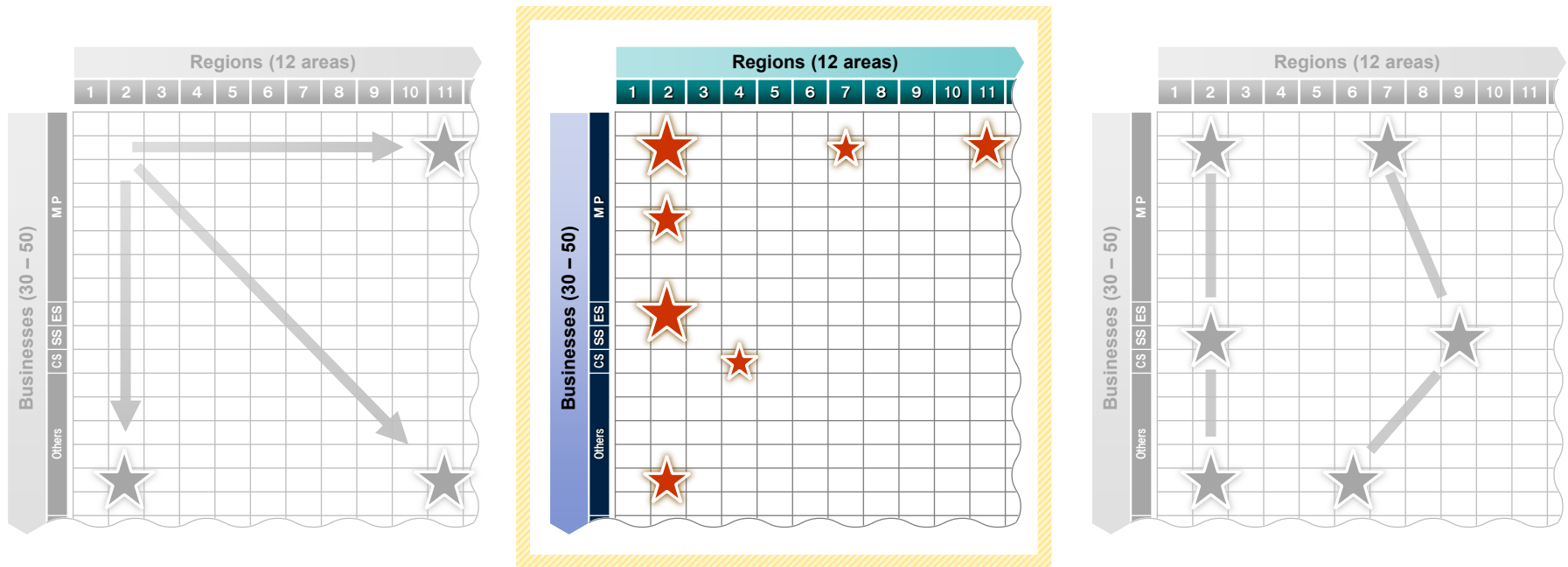
- Aim to improve productivity and promote the development of new services and systems by utilizing M3's resources

4

Support for overseas expansion

- Assumes information gathering and sales cooperation for expanding ELAN's overseas development. Also possible to support entry into markets that have not yet been developed

# Growth Engine 2: Individual Business Development

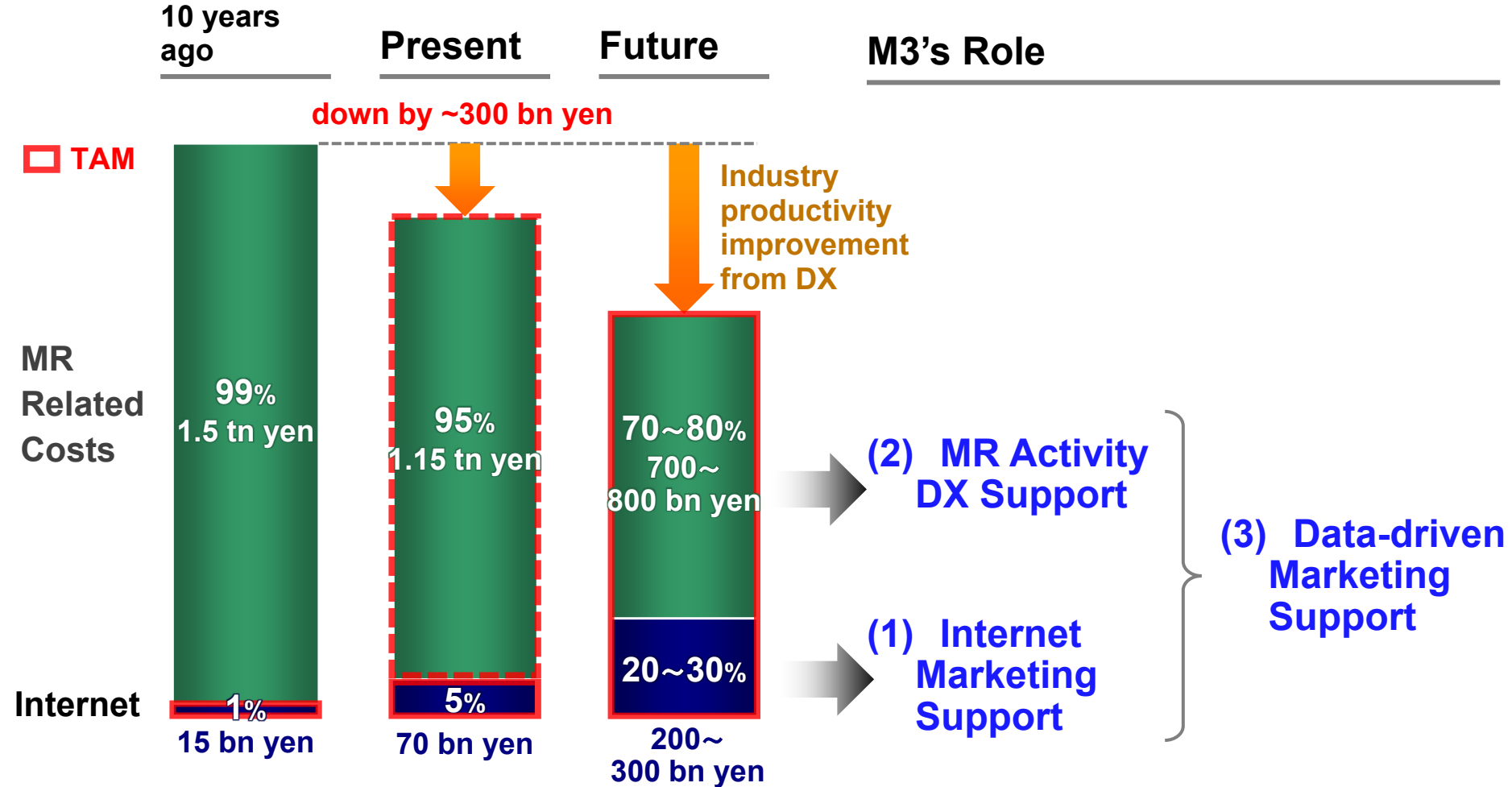


## 4. Social Impact Creation → CSV



# Pharmaceutical Sales & Marketing DX

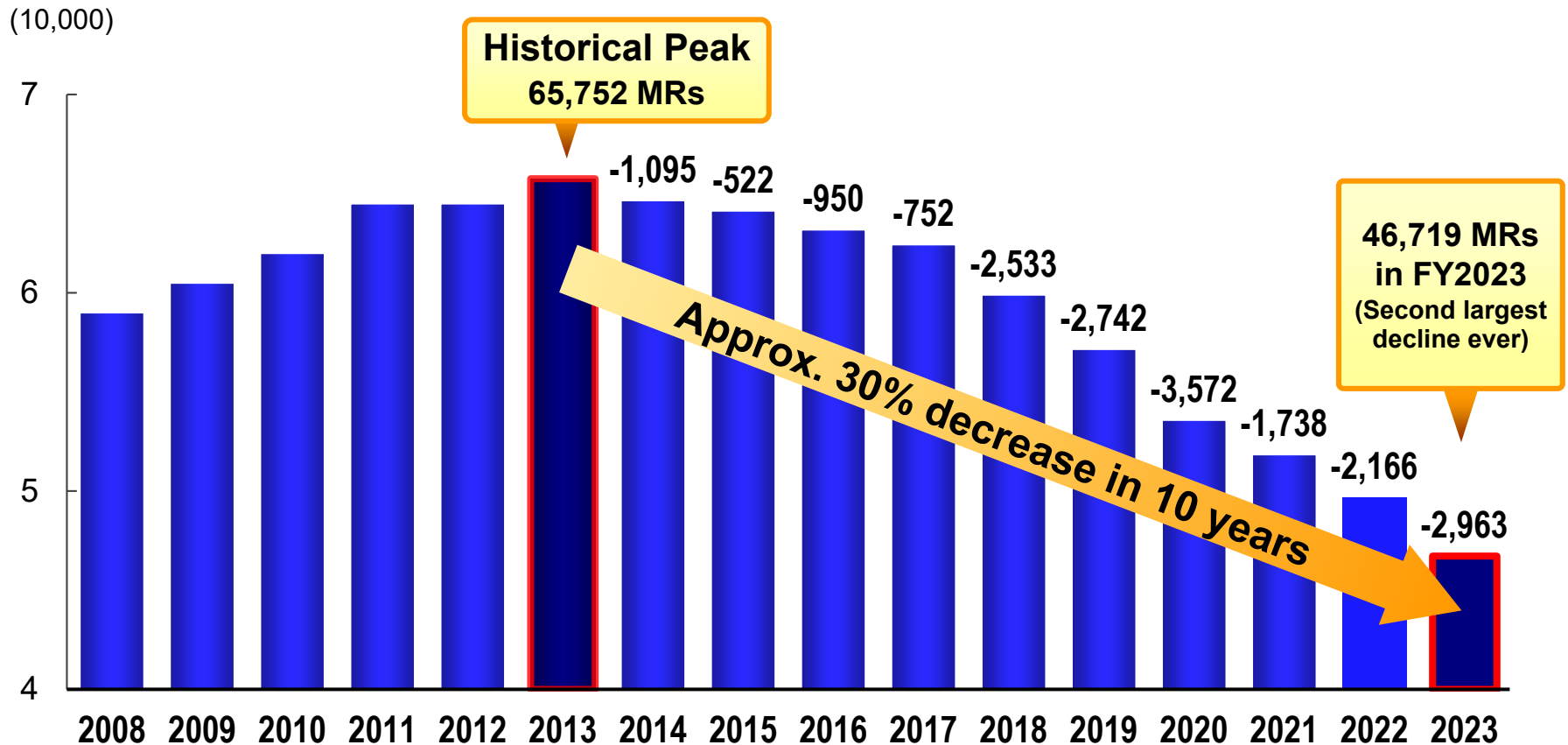
# Pharma Marketing Cost and TAM for M3



**👉 M3 involvement to go beyond the bounds of the internet to improve productivity across the entire industry**

Ref: M3 survey and estimate; numbers are approximate

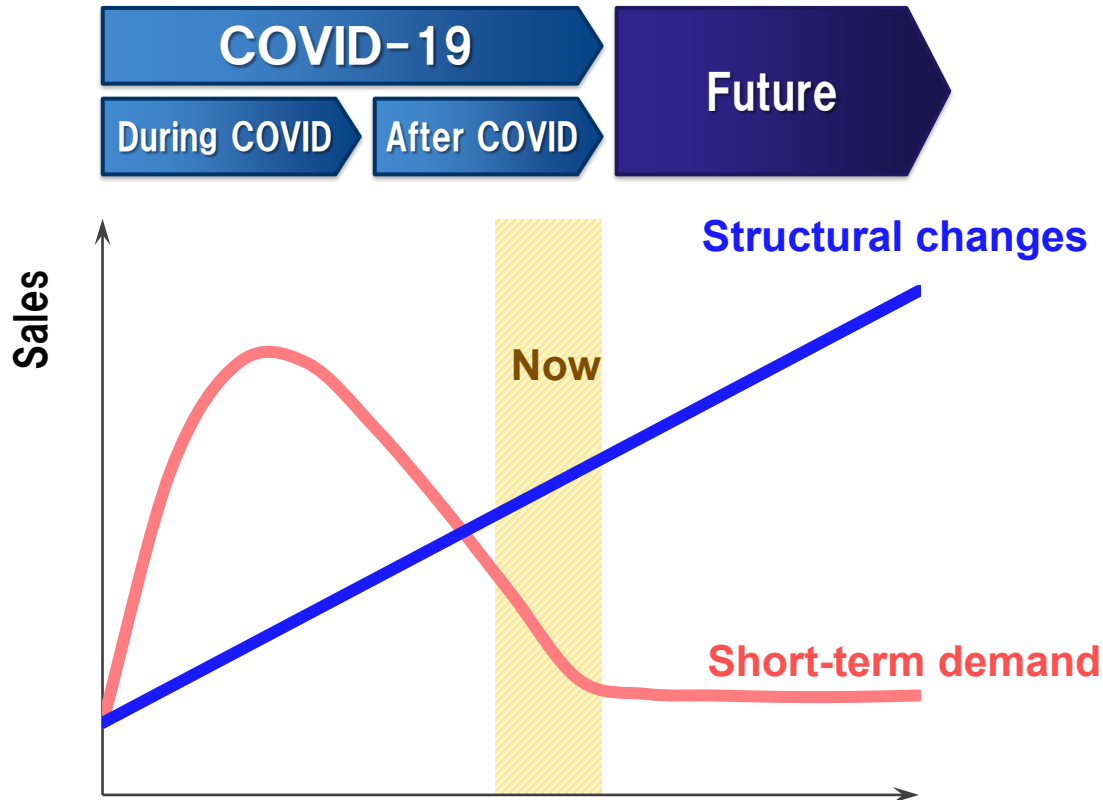
# Trend of Domestic Pharmaceutical Sales Reps (MRs)



In addition to a decrease in the number of MRs, an increasing number of contract reps and online reps who work exclusively online or by phone.... The trend toward sales efficiency is expected to continue

# Current Status of Pharmaceutical Marketing

## Demand and Its Trend



### Positive Factors

- Advancement of structural digital transformation (DX)
- Further penetration of data-driven marketing
- Projects on a larger scale

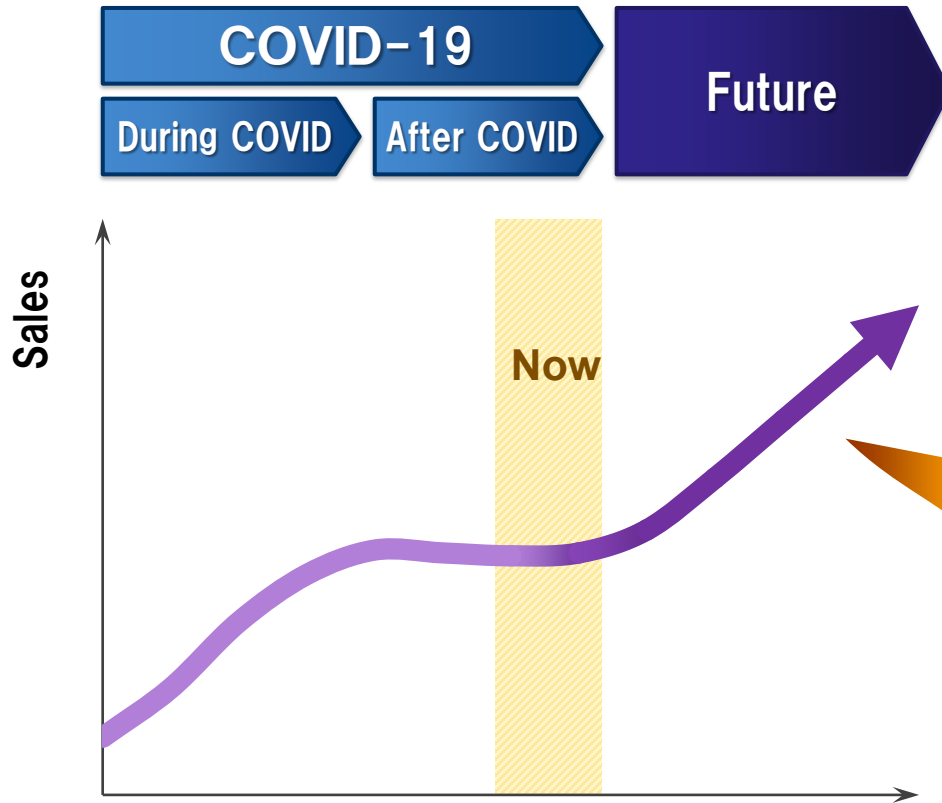
### Negative Factors

- Temporary decline in demand during the COVID period
- Cost reduction at some global pharma companies

 The impact of the decline of COVID-19 revenue (for vaccines and treatment drugs) expanded from the initial forecast with the possibility to have a negative impact of approx. 6 billion yen for the full year

# As a Strategic Partner to Pharma Companies

## Overall Trend



## Efforts for Renewed Growth

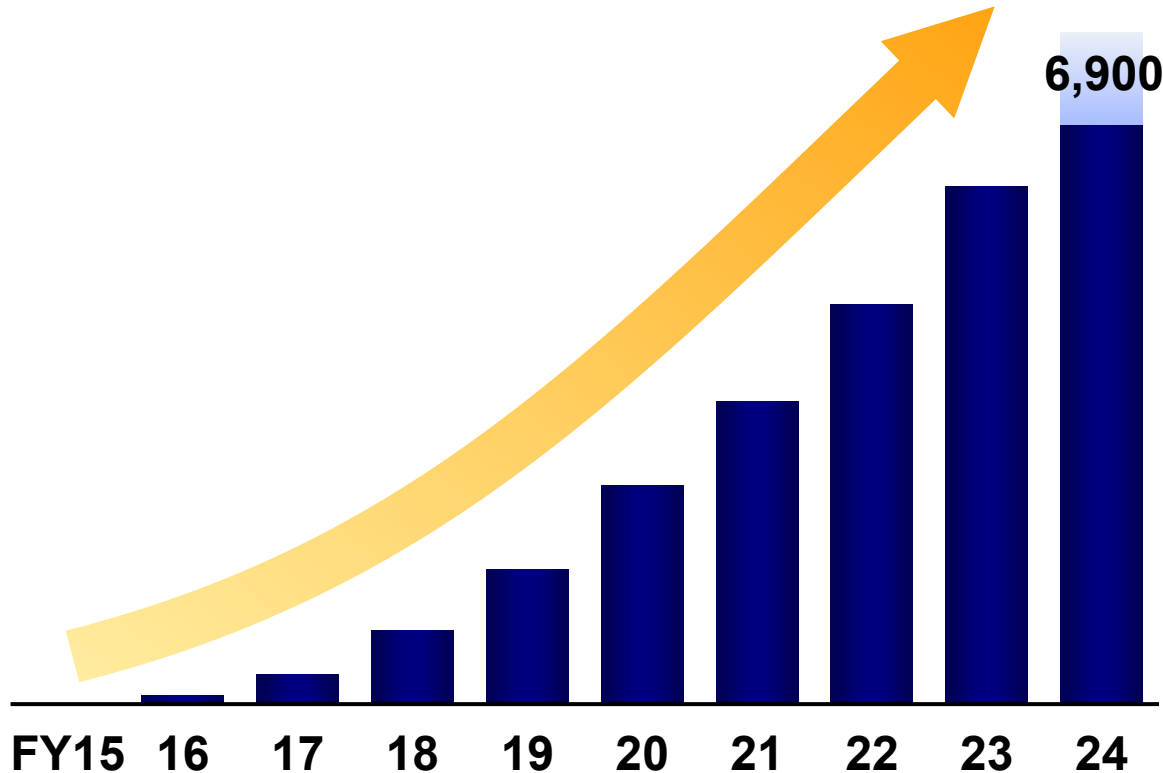
- Rejuvenate and strengthen leadership
- Our Products  
Continual development of services that dramatically improve the productivity of pharmaceutical company sales and marketing (currently at level 50%)
- Our Professional Staff  
Continuously expanding the team by several tens of people each year (currently at level 50%)
- Productivity Per Staff  
Standardization of service proposals, skills enhancement, improvement in per-person productivity through DX (currently at level 75%)

 Further accelerating essential DX initiatives as a strategic partner to pharmaceutical companies

# DX of the Clinical Scene

# M3 DigiKar EHR Growth

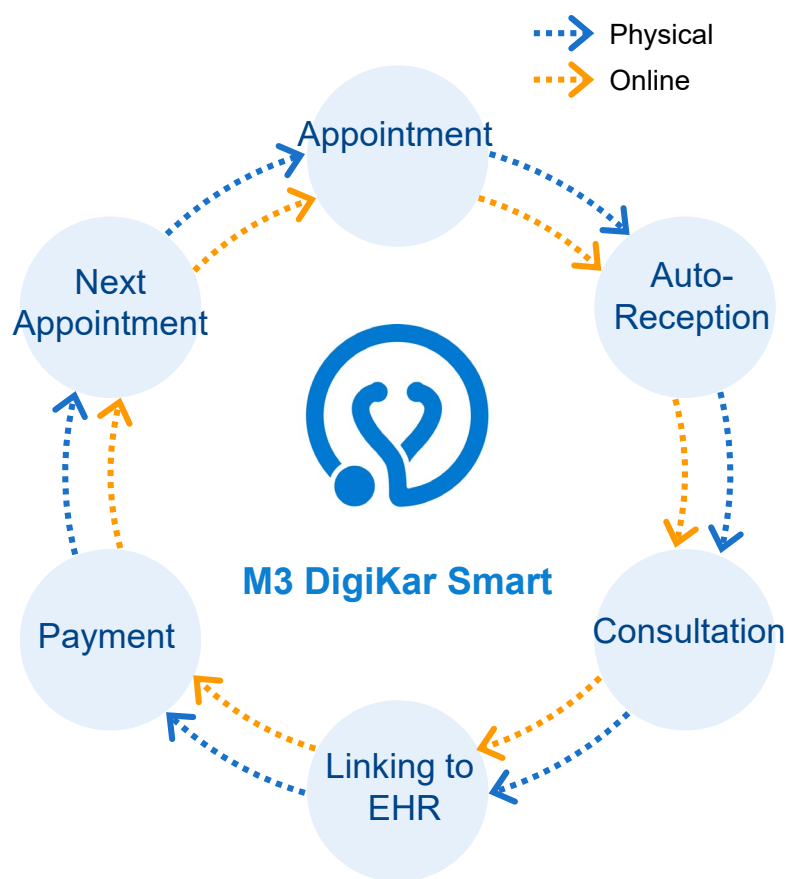
## Number of Sites Using M3 DigiKar



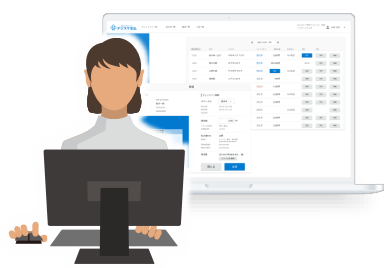
- Cumulative number of installations is approximately 6,900. Steady progress
- Co-selling with DigiKarSmart further increases the added value of DigiKar

 **Incontestable #1 market share within cloud-based digital health records, approximately 280 million charts**

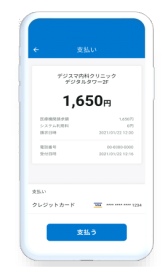
# DX of Clinics: DigiKar Smart



## Medical Institutions: Managing System



## Patients: Mobile App



M3 デジタルスマート診察券  
メディカル

開く

3.7万件の評価

4.6

★★★★★

年齢 12+ 歳

ランキング #2

メディカル

デベロッパ DigiKar

評価とレビュー >

4.6

★★★★★

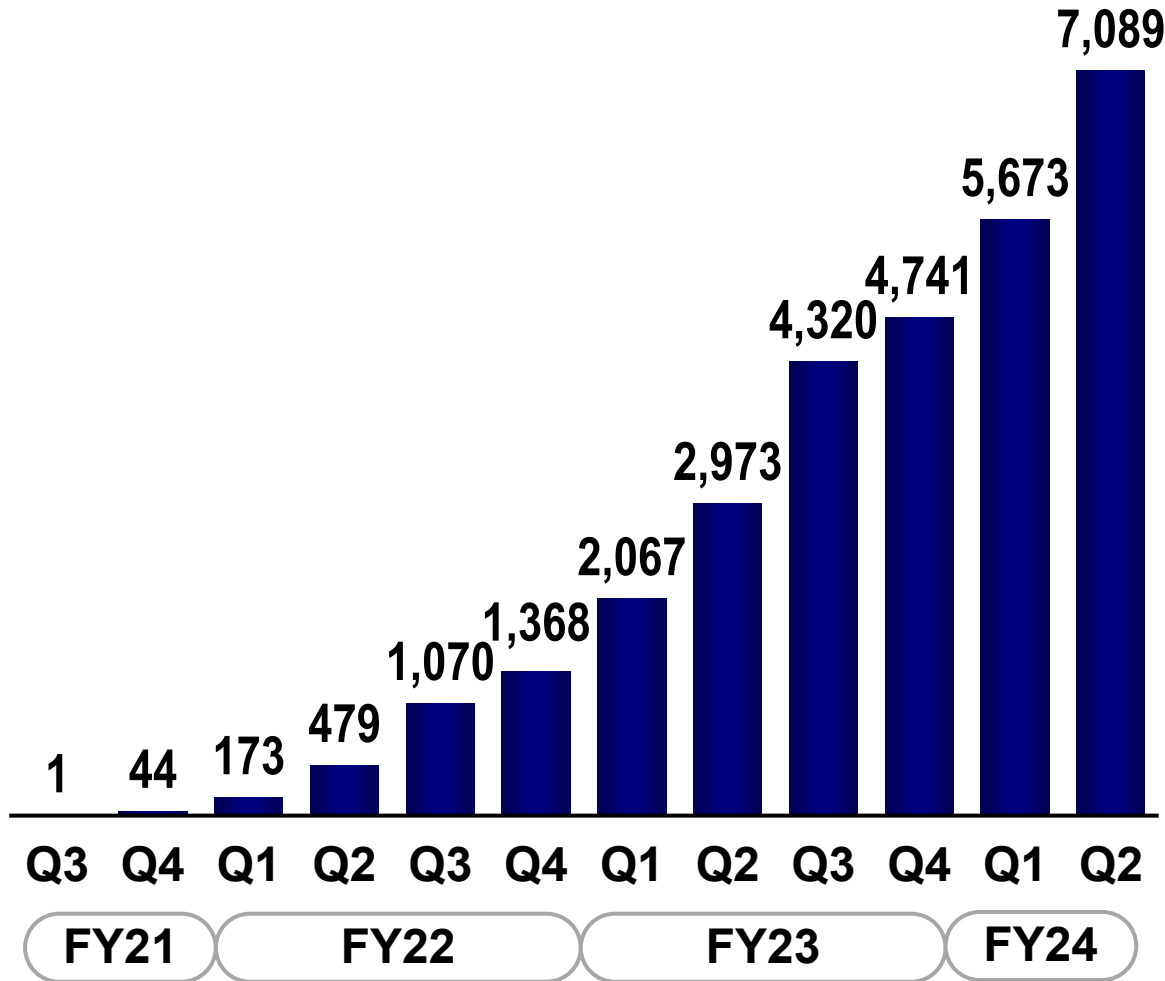
3.7万件の評価

**👉 37,000 reviews with a rating of 4.6 from users, a new patient experience created, and a high rating in the category**



# No. of DigiKar Smart Users

Unit: Index with FY2021Q3 as 1



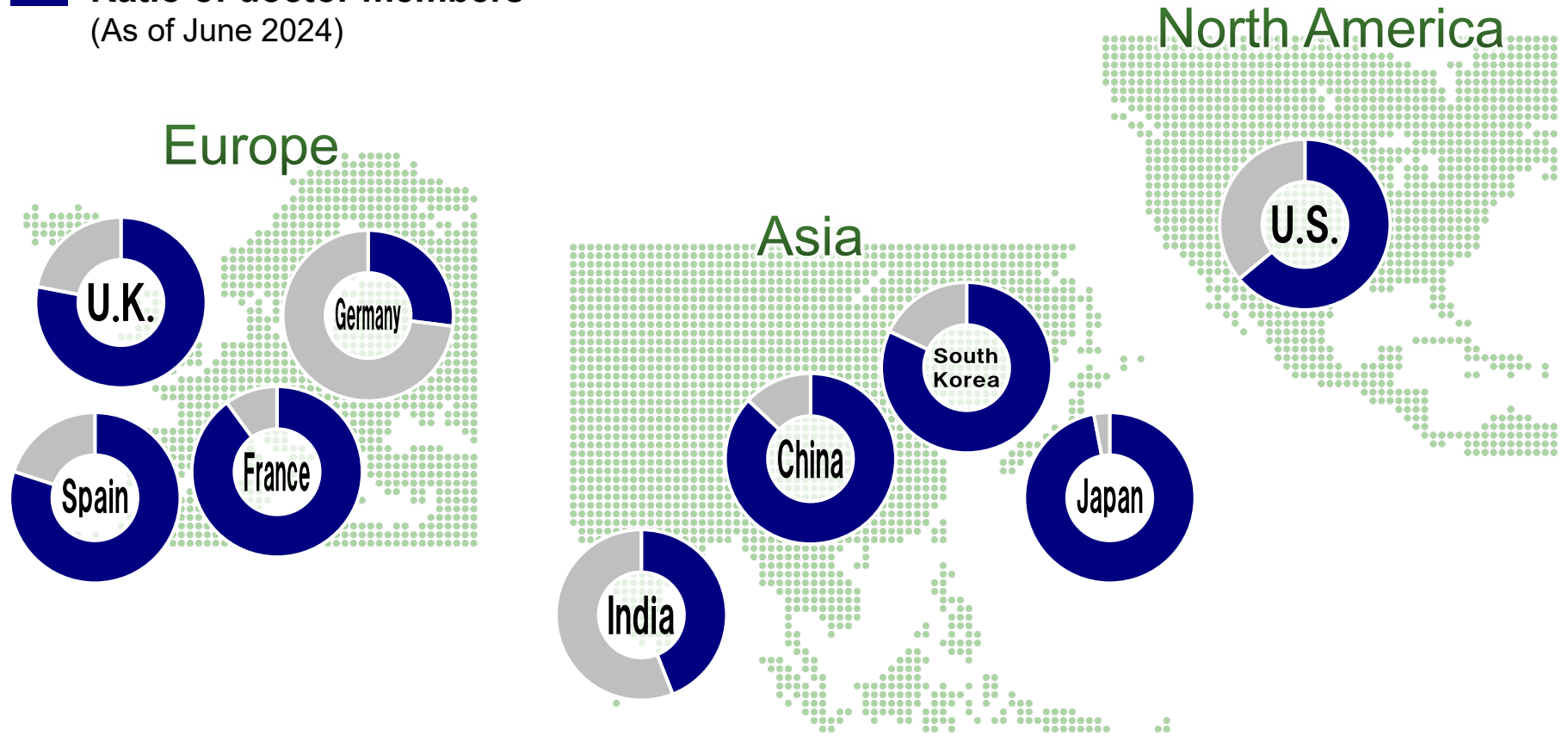
- Users are rapidly penetrating DigiKar Smart as the clinic's infrastructure.  
# of Users: 2.4x YoY  
Txn Amount: 3.5x YoY
- Video call has been added and is expanding as an infrastructure for telemedicine

\* Quarterly sum of monthly UUs

# Overseas

# Number of Doctor Members and Panelists (Global)

■ Ratio of doctor members  
(As of June 2024)

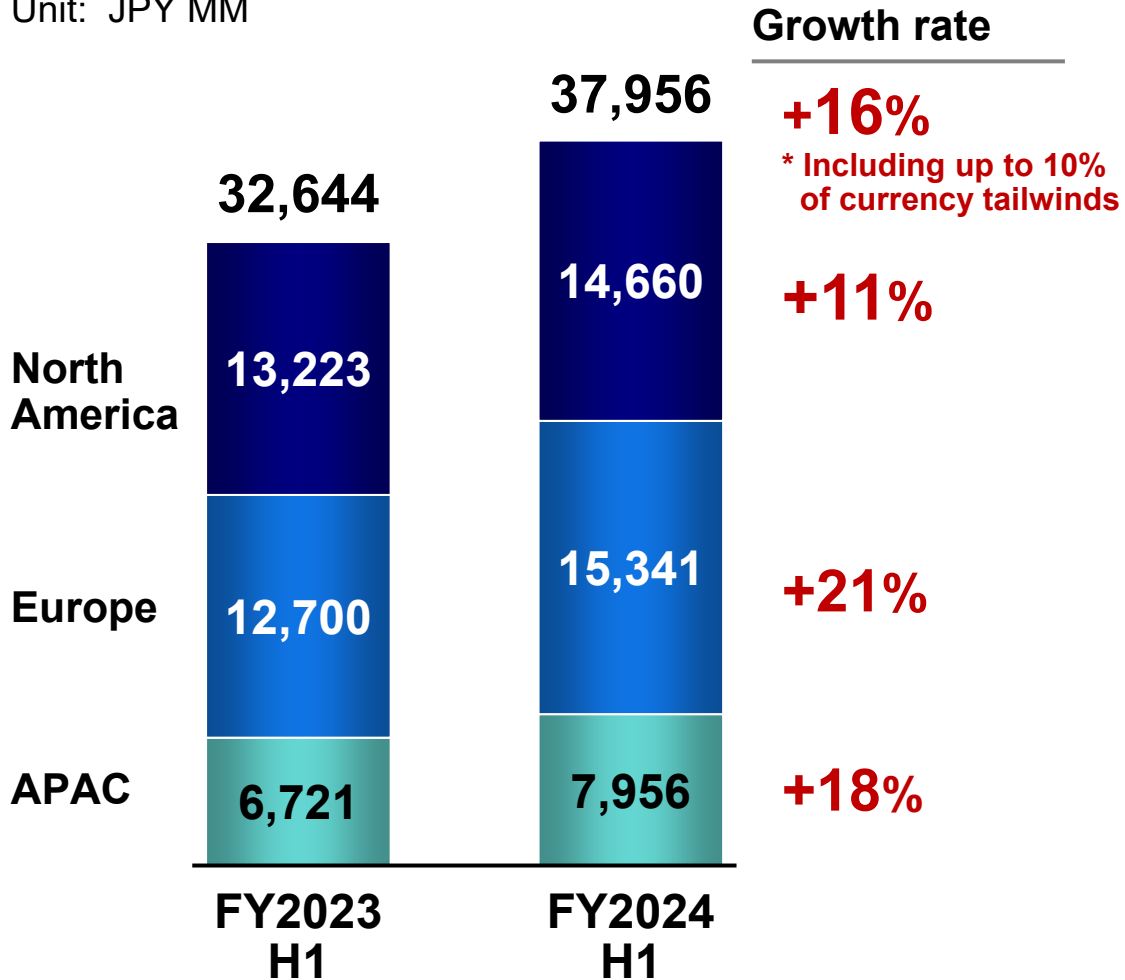


👉 Including regions not mentioned above, more than 6.5 million doctor members and panelists, covering over 50% of doctors worldwide

\*The no. of doctors in Japan is based on data from the Ministry of Health, Labour and Welfare (2022).  
The no. of doctors in other countries is based on the latest data from WHO and other sources.

# Overseas Segment: Sales by Region

Unit: JPY MM



## North America

- Continued strong performance, including contribution from Kantar acquisition
- Clinical trial business: Strengthening management base and muscularization in progress for recovery in growth

## Europe

- Steady progress in France and the UK, benefiting from M&A

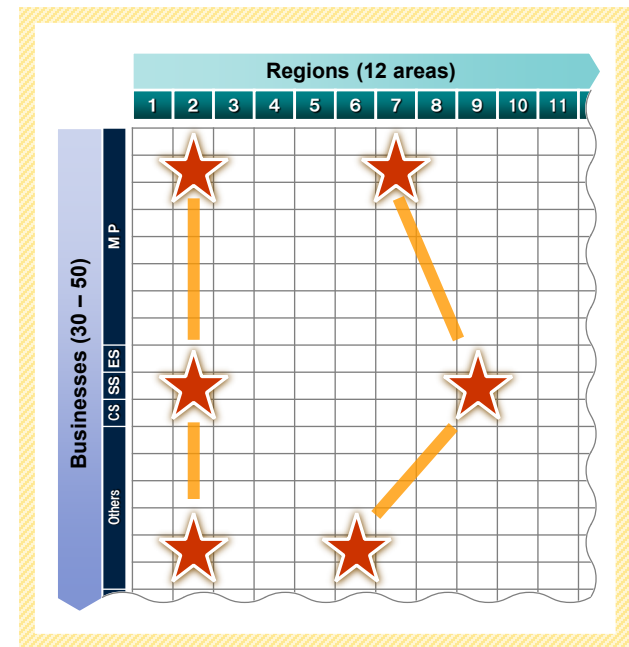
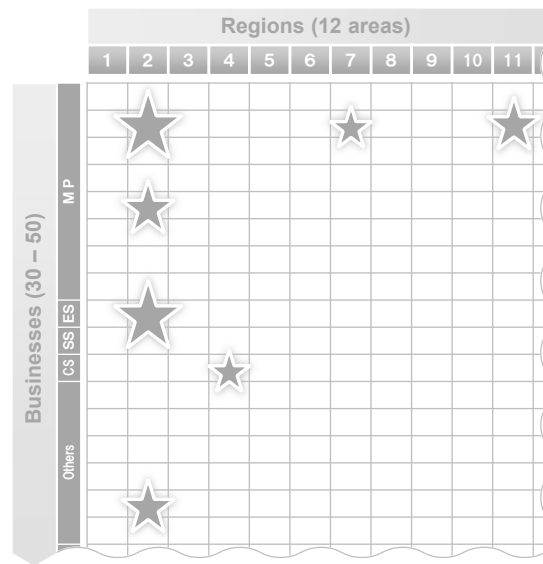
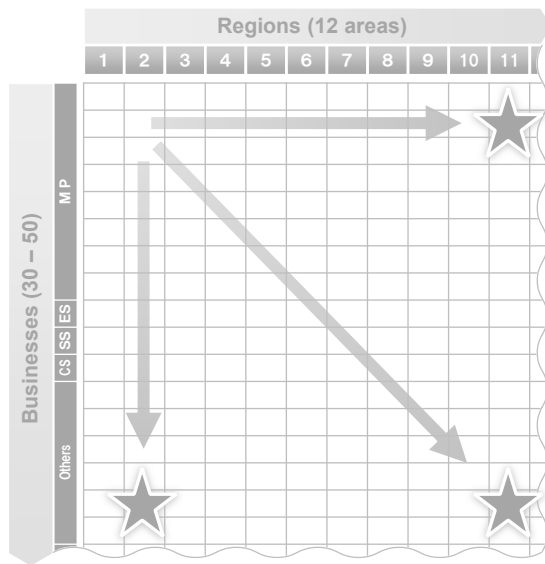
## APAC

- Continued solid momentum, along with DBMCI contributions



Although there are growth rate fluctuations from quarter to quarter, overall performance remains solid. Accelerating new initiatives for the future such as M&A and structural reforms

# Growth Engine 3: Ecosystem Synergy Creation

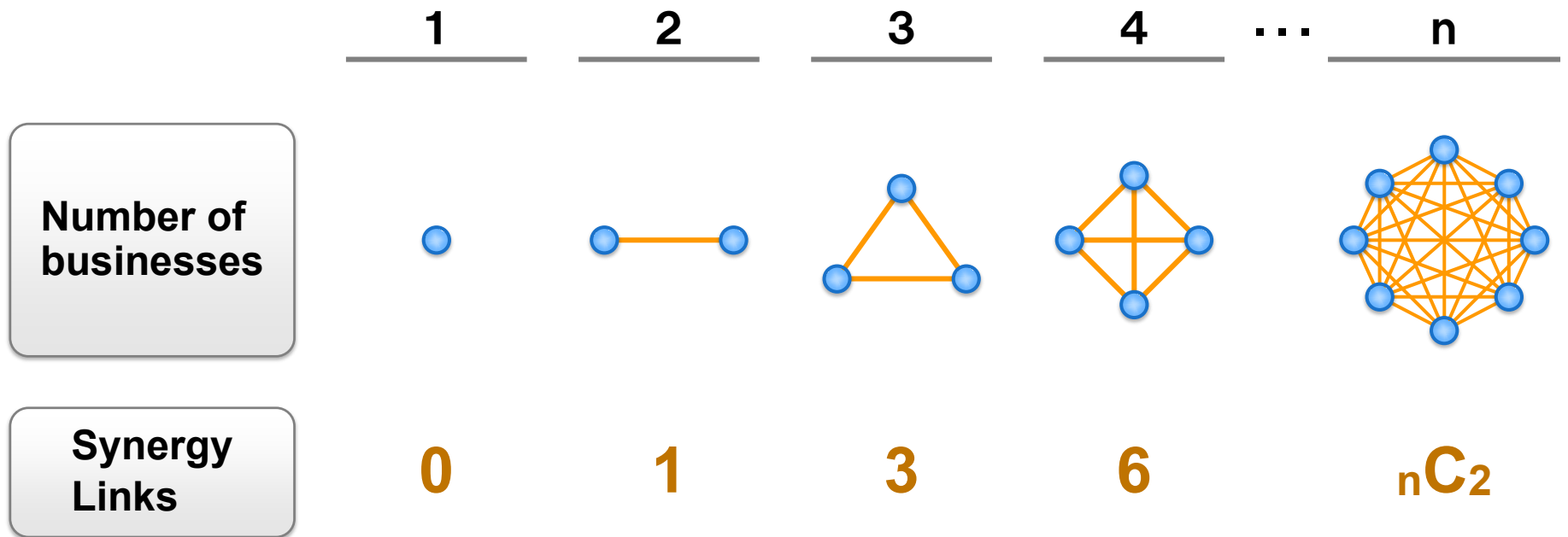


## 4. Social Impact Creation → CSV

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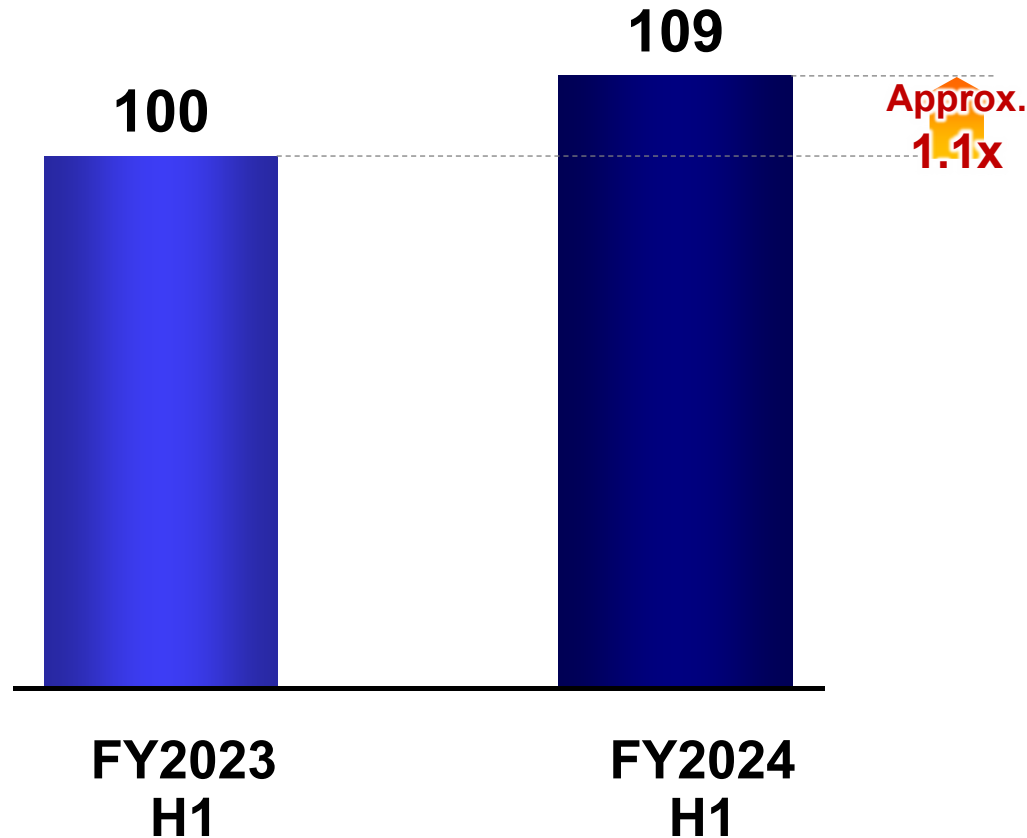
# Cross-Business Synergy Creation Potential



 Synergy potential between businesses:  $73C_2 = 2,628$  possible linkages

# Ecosystem Synergy Value Creation

Unit: Index with FY2023 H1 as 100

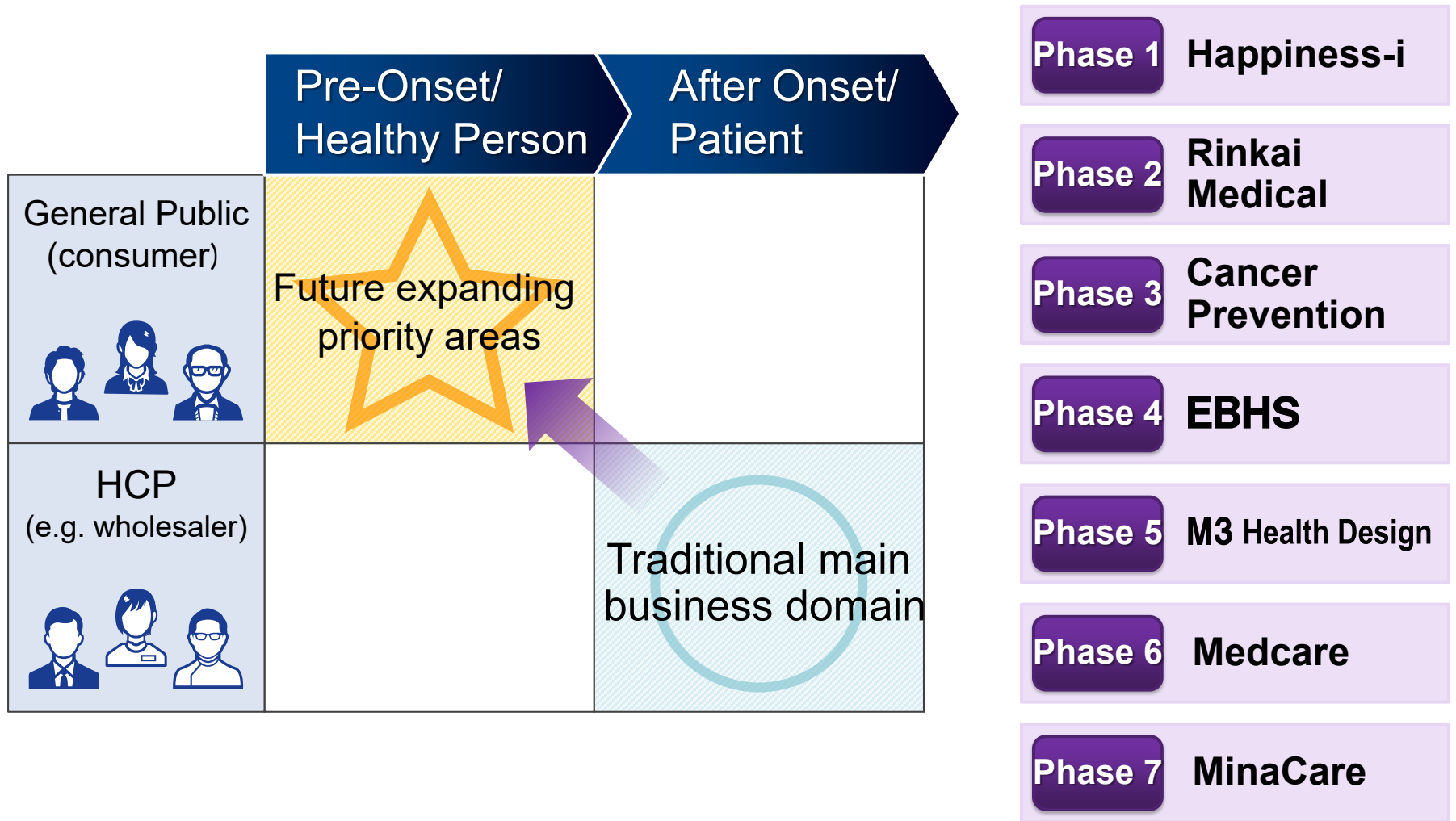


 **The next ten years will be based on ecosystem synergies, including internal and external collaborations, to further promote healthcare problem-solving/social impact creation and business expansion**

\*Sum of value additive projects spanning across multiple business lines and data utilization. Definitions will be reviewed as necessary, including this time



# “The White Jack Project”

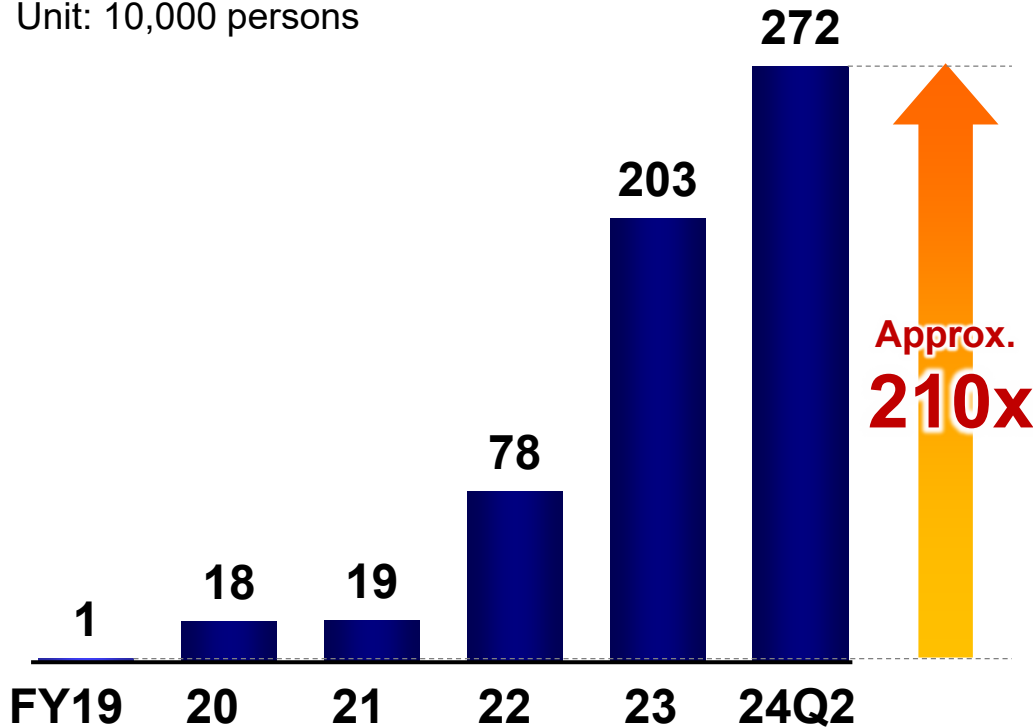


 Steady progress is also being made on the White Jack project, which realizes M3's mission from a more upstream perspective

# Expand Coverage of Enterprise Services

## Number of Employees Covered by Enterprise Services

Unit: 10,000 persons

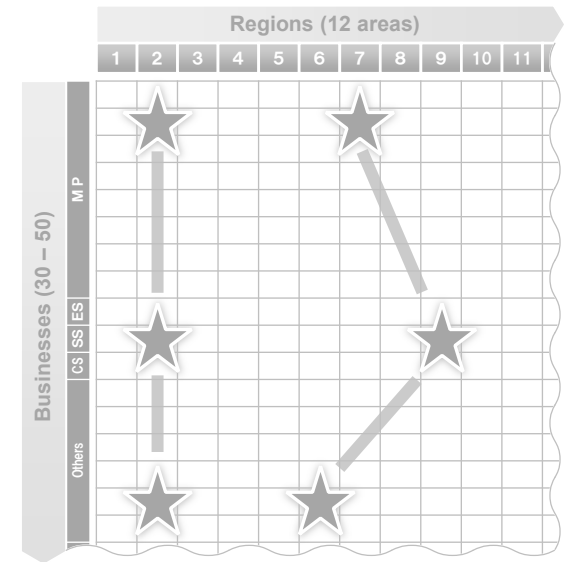
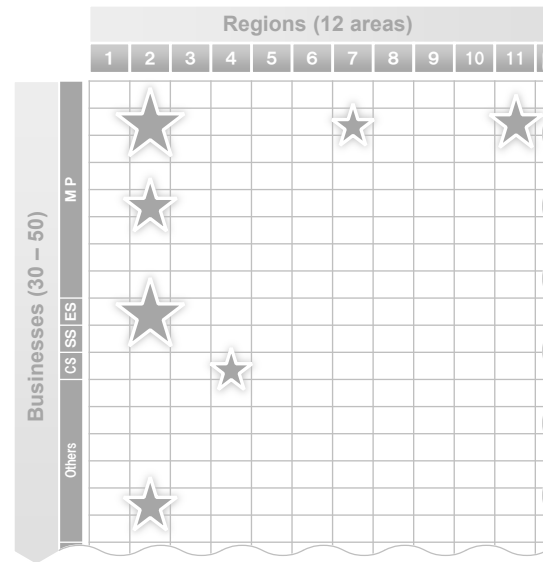
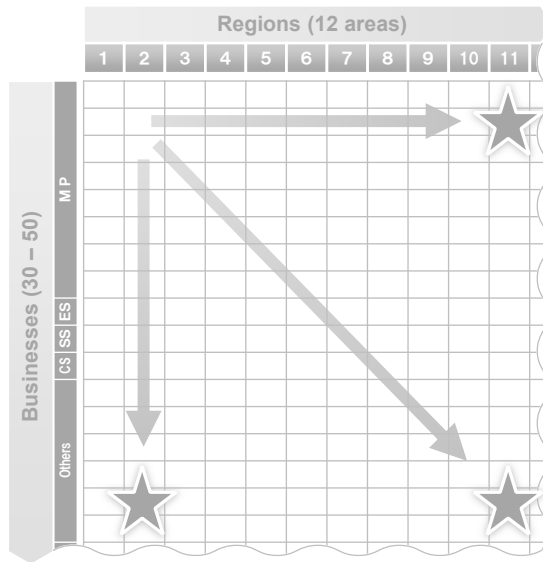


Covers approximately 2.7 million employees in FY24Q2, with the following services

- EBHS Life
- Cancer prevention, PSP
- Ask Doctors
- Booking & conducting medical check-ups
- Employee health data management
- Dispatch of industrial physicians and stress checks
- Services for health insurance associations

👉 Steadily expanding the business base to create ecosystem synergies as well... With the consolidation of Medicare and MinaCare, coverage has spread to health insurance associations, surpassing 2.7 million employee coverage

# Social Impact Creation



## 4. Social Impact Creation → CSV


# Establishment of M3 Research Institute

## M3 Research Institute

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## M3 Research Institute

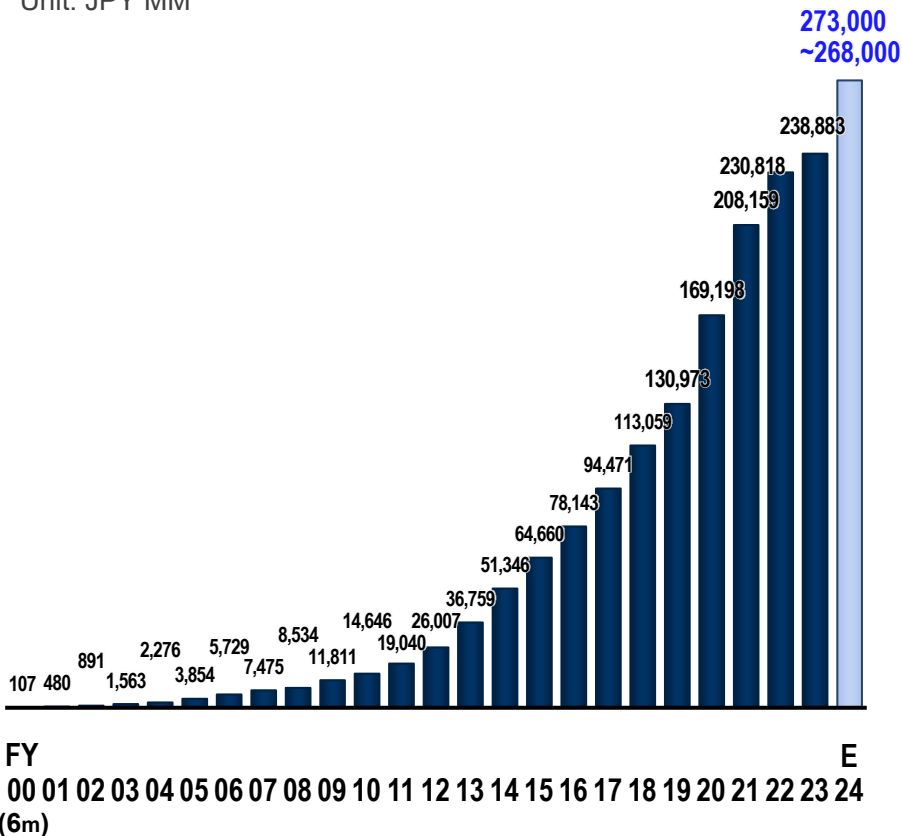
- Announced the establishment of the M3 Research Institute via a press release on September 26, 2024.
  - Leveraging M3's comprehensive data resources, which include Japan's largest panel of medical professionals and extensive medical big data, the institute conducts impartial surveys and research on the current state of Japanese healthcare, sharing insights widely.
  - Focuses on identifying unique opportunities for enhancing healthcare that are accessible through M3's data, such as regional disease prevalence, disparities in diagnosis and treatment across regions, vaccination rates aligned with demographic trends, and healthcare professionals' awareness of diseases and treatments, to make informed recommendations.
-  As its initial initiative, the M3 Research Institute is supporting efforts to raise awareness about HPV catch-up vaccinations

# FY2024 Outlook

# Annual Results and Forecasts

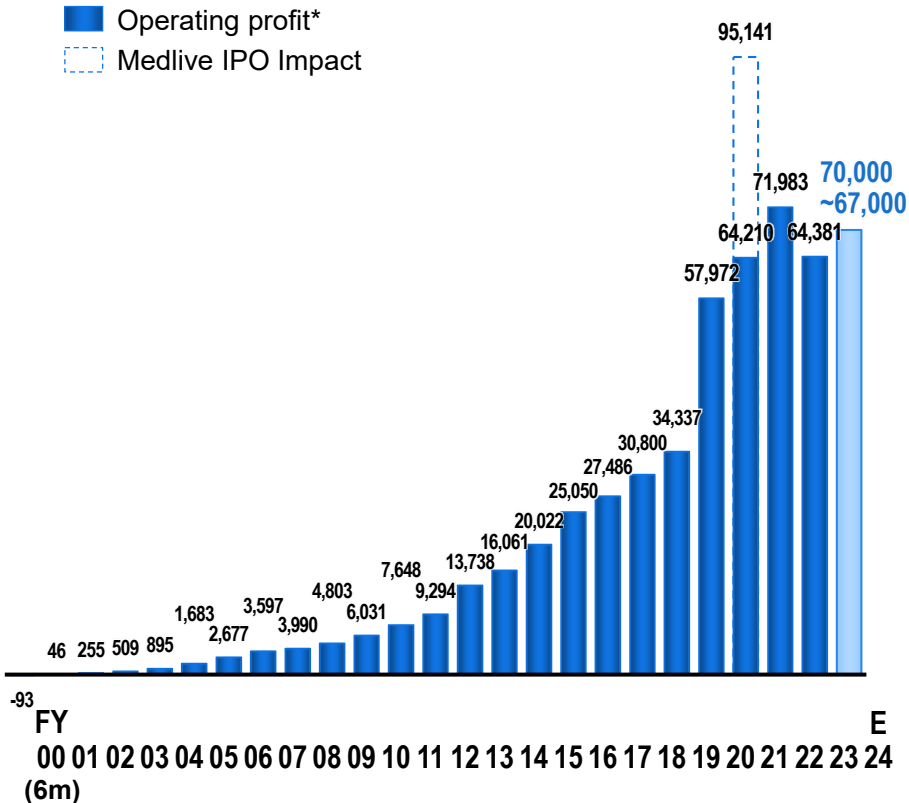
## Revenue

Unit: JPY MM



## Operating Profit

Unit: JPY MM



**In line with tradition, aim to expand our business foundation and achieve growth from a medium to long-term perspective**

\*FY2021 excludes gains related to China IPO

